

REGXCHANGE

French target market research

September, 2020

A RegXchange analysis of a representative sample of live French structured product trades shows that the majority of products are sold on the basis of investment advice with suitability tests, as part of a managed portfolio approach with the goal of diversification, with products with a higher risk level being sold to more experienced and professional investors.

Since the EU PRIIPs Regulation took effect on January 2, 2018, the industry has been proactive in providing target market information for every product sold in the France, allowing distributors to ensure that products are sold to the appropriate investors. In this paper, we analysed 2,144 investment products currently outstanding.

Investment products

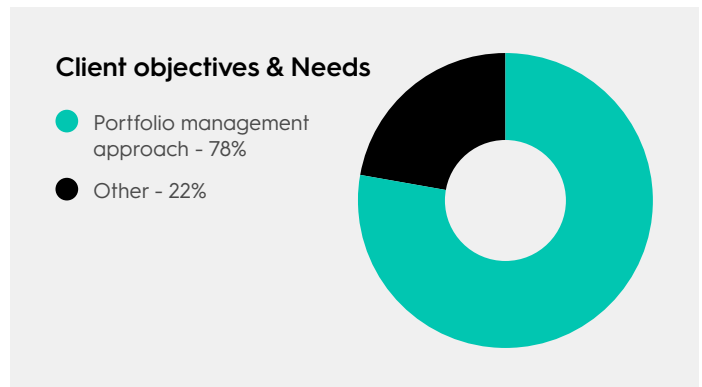
Of all the investment products currently outstanding on French investors portfolio, 78% of these products had a portfolio management approach, with the objective to diversify investors portfolio. While only 22% target a different investment strategy.

Examining the RegXchange product set further, we also conclude that in terms of investor type, 96% of the products are sold both to retail and to professional investors.

A brief analysis of the current outstanding investment products on RegXchange, which holds the regulatory data of 21 manufacturers, shows that 70% of products are available to informed investors, 25% are accessible for advanced investors, and only 5% are designed for basic investors, thus illustrating how French structured products are mainly sold to experienced investors.

Looking at the ability to bear loss, the results from RegXchange show that 99% of available products are suitable for investors who are willing to have no capital guaranteed in exchange for yield. Nevertheless, in France there is a diversification of the risk tolerance offered in investment products. 17% of all live products have a low risk level (1 or 2), while 54% of products have medium risk (3, 4 or 5), and 29% of products have a risk tolerance of 6.

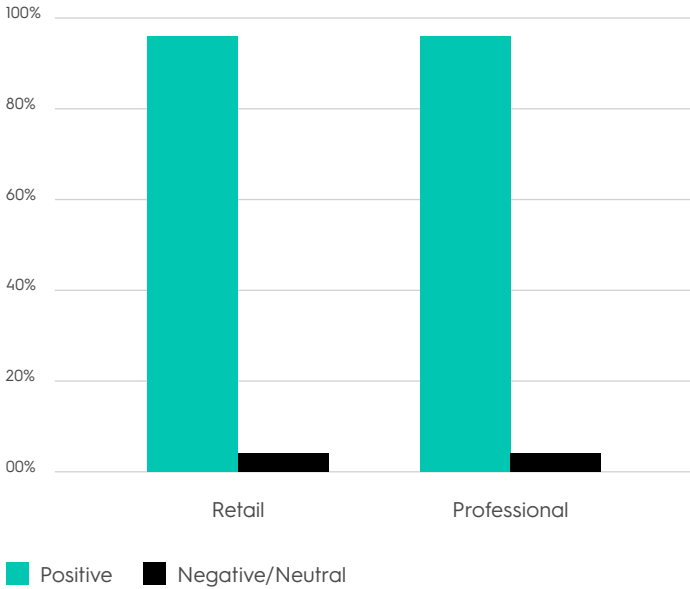
Overall, this paper showcases the diversity of investment structured products in France and that these products are mainly sold to informed and experienced investors.



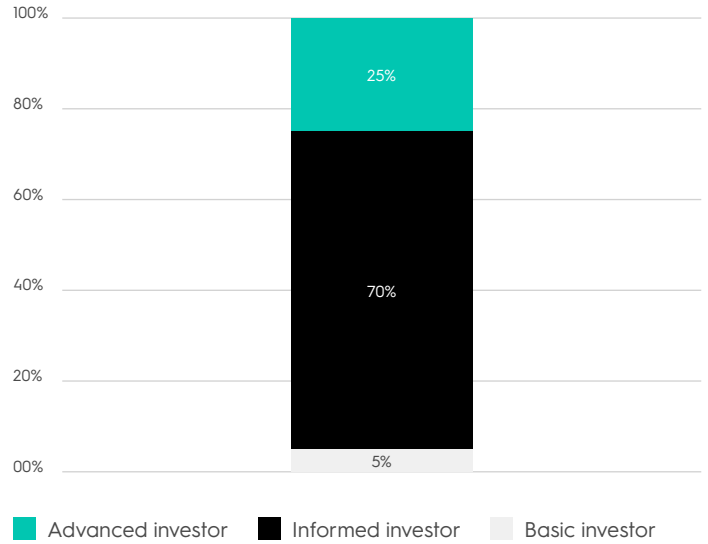
What are investment products?
 An investment product is a product offered to investors based on an underlying security or group of securities that is purchased with the expectation of earning a favourable return. Investment products have specific level of protection and return, depending on the investors profile.

Investment products

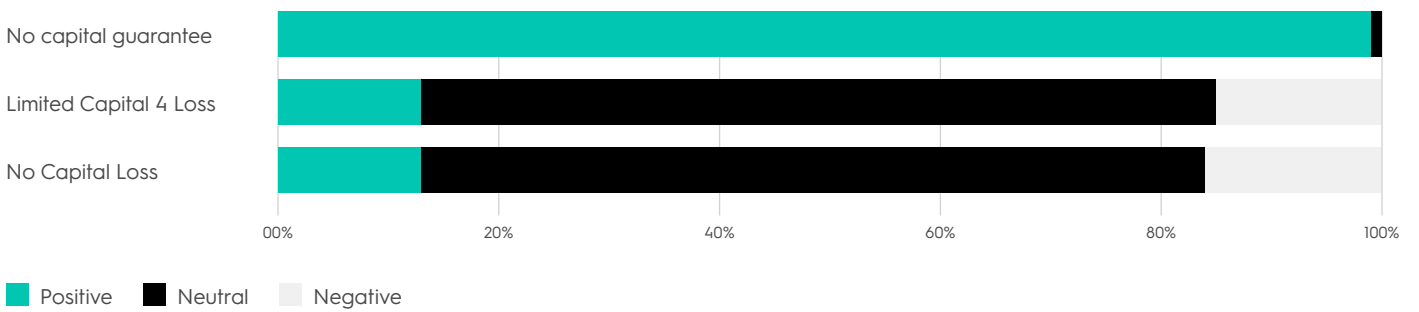
Investor type



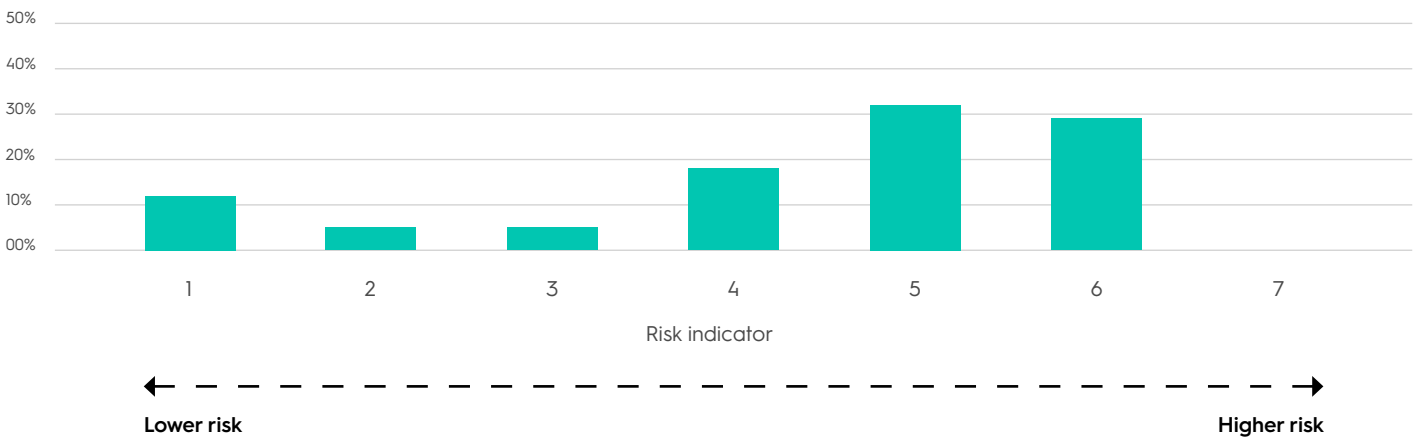
Target market knowledge and experience



Ability to bear losses



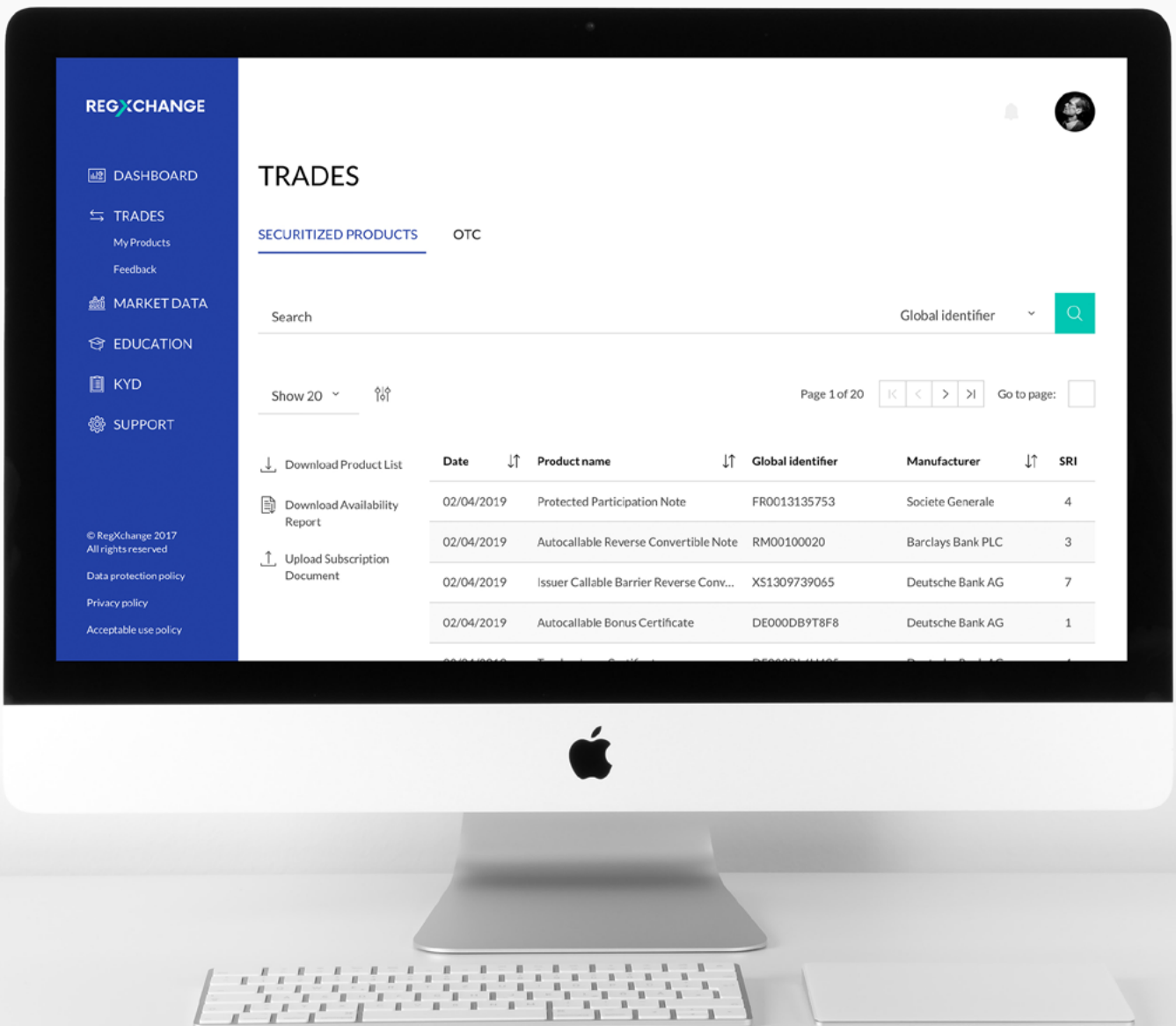
Risk tolerance of investment structured products



Definitions: Positive - the product has been designed to be compatible with a specific type (or types) of end-investor whose profile, objectives and needs; Negative - the product is incompatible with investors with such profile, objectives and needs; Neutral - If neither statement is true, the product is neither in the positive or the negative target market.

About RegXchange

RegXchange is an industry utility regulatory compliance platform holding Key Information Documents (KIDs) and related metadata, which also facilitates the exchange of MiFID II information between sell-side and buy-side institutions. RegXchange is free to access for distributors, private banks, consumer banks, investors and online brokers. RegXchange features a wide range of manufacturers, including both those who make use of WSD's KID document generation service PRIIP Cloud as well as those who use other third-party KID providers. Additionally, RegXchange allows distributors to provide MiFID II feedback back to manufacturers. Since January 2018, RegXchange has housed over six million structured products for 22 manufacturers in addition to storing around six terabytes versions of metadata. RegXchange currently distributes data to more than 200 distributors and data vendors.



REGXCHANGE

- Tel +44 203 865 1786
- Email servicedesk@regxchange.com
- Web www.regxchange.com

wdata.